

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 EB-11 FRB-02 H-03

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 PRS-01

SP-03 FEA-02 OMB-01 SWF-02 DRC-01 HEW-08 EA-11 DOTE-00

/179 W

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O R 031830Z MAY 74

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 4056

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMXSSSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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GUATEMALA FOR ROCAP

E. O. 11652: N/A

TAGS: ETRD, EAGR, NU

SUBJECT: US/NICARAGUAN BILATERAL TRADE DISCUSSIONS - MAY 1, 1974

(AMB EBERLE'S VISIT)

1. SUMMARY: THE GON RAISED THE FOLLOWING ISSUES: EXPORTS OF TOBACCO, TEXTILES, PORK, FRUIT AND LIVE CATTLE, SUPPLIES OF PVC, FERTILIZERS, INSECTICIDES AND HERBICIDES, AND REQUESTED A U.S. PLANT QUARANTINE STATION IN NICARAGUA. THE USG RAISED THE REVISION OF THE NICARAGUAN TARIFF STRUCTURE ON AUTOMOBILES.

2. GENERAL SOMOZA WAS SPOKESMAN FOR NICARAGUA. AMB EBERLE WAS SPOKESMAN FOR U.S.

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3. THE GON RAISED THE FOLLOWING POINTS:

A. NICARAGUA IS TRYING TO DIVERSIFY EXPORTS. ONE OF THE NON-TRADITIONAL CROPS, WHICH NICARAGUA HAS GROWN FOR 12 YEARS NOW, IS TOBACCO. NICARAGUA EXPORTS BOTH UNPROCESSED TOBACCO AND CIGARS. IT WOULD LIKE TO GROW AND EXPORT MORE OF BOTH FORMS TO INCREASE EMPLOYMENT AND IMPROVE POPULATION DISTRIBUTION IN COUNTRY. PRESENTLY 400 TO 500 PEOPLE ARE EMPLOYED IN CIGAR MAKING; THIS COULD BE DOUBLED OR TRIPLED. TOBACCO FROM THE PHILIPPINES GETS SPECIAL TREATMENT (DUTIES). NICARAGUA WOULD LIKE THE SAME. GON PRESENTED AND AIDE-MEMORE.

U. S.: 1. WE WILL STUDY AIDE-MEMOIRE. 2. (MONTEL) TOBACCO IS NOT SUBJECT TO ANY SEC. 22 ACTION. 3 THE PHILIPPINE SPECIAL TREATMENT, UNDER THE LAUREL-LANGLEY AGREEMENT, ENDS THIS YEAR.

B. NICARAGUA'S MOST IMPORTANT EXPORTS TO CACM ARE CHEMICALS, OR PRODUCTS USING CHEMICALS, INCLUDING PLASTICS, ELECTRIC WIRE AND TEXTILES. NICARAGUA IS PLANNING TO EXPAND. DOW CHEMICAL HAS BEEN THE EXCLUSIVE SUPPLIER OF PVC. NICARAGUA RECOGNIZES PRESENT SUPPLY PROBLEMS AND WONDERS ABOUT THE POSSIBILITY OF A RESTRICTION EXPORTS FROM THE U. S.

U.S.: WE THINK IT IS VERY DOUBTFUL THAT WE WILL CONTROL EXPORTS OF PVC, EVEN THOUGH SUPPLY IS SHORT. THE DEPARTMENT OF COMMERCE HAS A PROGRAM TO HELP FOREIGNERS LOCATE SUPPLIERS IN THE U.S.

C. NICARAGUA PLANS TO INCREASE ITS TEXTILE EXPORTS. IT WOULD LIKE TO REQUEST AN INCREASE IN THE TEXTILE QUOTA OF 5 MILLION YEAR SQUARE YARDS FOR 1975.

U.S.: WE WILL ARRANGE FOR AN EARLY VISIT OF MR. JURICK TO DISCUSS THIS.

D. NICARAGUA WOULD LIKE TO HAVE A U.S. QUARANTINE STATION SO THAT IT COULD EXPORT FRUIT TO THE U.S.

U.S.: (MONTEL) WE CAN PROVIDE INSPECTION THROUGHOUT THE WORLD, AT U.S. EXPENSE. HOWEVER, THIS IS ONLY ONE SIDE OF THE LIMITED OFFICIAL USE

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COIN. THE HOST COUNTRY MUST HAVE AN EFFECTIVE CONTROL PROGRAM. WE WILL LOOK INTO PROVIDING INSPECTORS FOR NICARAGUA.

GON: IN 1970 PRESIDENT NIXON SENT TECHNICIANS WHO DISCUSSED VARIOUS POSSIBILITIES BUT NOTHING WAS EVER WORKED OUT.

E. NICARAGUA HAS SHOWN THAT NO HOG CHOLERA EXISTS HERE, AND WOULD LIKE TO HAVE RESTRICTION REMOVED AGAINST IMPORTS OF PORK TO

THE U.S.

U.S.: WE WILL LOOK INTO.

F. EXPORT OF CATTLE ON THE HOOF TO THE U.S. FROM CENTRAL AMERICA IS RESTRICTED, WHEREAS IT IS NOT FROM MEXICO. NICARAGUA WOULD LIKE EQUAL TREATMENT.

U.S.: (MONTEL) WE WERE NOT AWARE OF SUCH RESTRICTIONS BUT WILL LOOK INTO THEM.

G. NICARAGUA NEEDS FERTILIZER, INSECTICIDES, HERBICIDES, ETC. FOR ITS AGRICULTURE. CONSIDERING WORLD SUPPLY PROBLEMS, GON WOULD LIKE U.S. HELP IN OBTAINING SAME.

U.S.: WE DO NOT ANTICIPATE EXPORT CONTROLS ON THESE PRODUCTS. U.S. HAS JUST TERMINATED PRICE CONTROLS ON THESE BUT WITH THE PRIVATE UNDERSTANDING THAT PRODUCERS WILL NOT EXPORT MORE IN 74 THAN IN 73 PLUS A SMALL PERCENTAGE FOR NORMAL GROWTH. WE EXPECT TO PHASE OUT THIS AGREEMENT LATER IN THE YEAR.

4. THE USG RAISED ONE ISSUE:

U.S. REQUEST THAT THE NICARAGUAN TARIFFS ON AUTOMOBILES BE REVISED TO REDUCE DISCRIMINATION AGAINST SMALLER U.S. CARS IN FAVOR OF OTHER SUPPLIERS.

GON: IT WILL CONSIDER REVISION. SINCE U.S. PRODUCERS ARE MAKING BIG EFFORT TO BUILD SMALLER CARS, NICARAGUA WILL ADJUST TARIFFS TO HELP OUT. (NOTE: OBTAINING A REVISION IN THE TARIFF STRUCTURE IS ONE OF THE ACTIONS IN EMBASSY'S CURRENT COMMERCIAL ACTION PROGRAM.)

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